

Review of Program Requirements

The purpose of the Agency's review of the application package is to determine that the lender is in compliance with Agency requirements.

Requirement	Review of Application
Is the application complete?	Underwriting, credit, employment, property documentation.
Is the submission by an approved lender?	Refer to National and Oregon list of approved participating lenders.
Is the property in a rural area?	Refer to eligible lending area.
Is the household income within the eligible income limits?	Refer to Exhibit C of RD Instruction 1980-D or the internet @ http://www.rurdev.usda.gov/rhs/sfh/income%20limits%20guaranteed/ORgrh.PDF Review lender's household income calculation, backup information and calculations.
Are all debts with remaining terms of greater than six months identified on the credit report and listed on the application?	Agency review of the tri-merge or RMCR, as applicable.
If applicable, were credit waivers documented?	Underwriters to document credit waiver considerations on FNMA 1008 or separate documentation.
Are ratios within program guidelines?	Review lender's repayment ratio noted on FNMA 1008. Maximum PITI ratio of 29% or less; Total Debt ratio of 41% or less.
If ratios exceed program guidelines, was documentation provided for compensating factors?	Underwriters to document strong compensating factors considered in requesting a repayment ratio waiver. Documentation can be on FNMA 1008 or by separate documentation. Agency decision regarding ratio request must be in writing to Lender. Waivers by RD to be documented on condition page of commitment.
Are points and fees reasonable?	Review Good Faith Estimate. Are fees and points reasonable and customary?
Is the interest rate reasonable?	Based on the reviewer's knowledge of market. Refer to the FNMA website @ http://www.efanniemae.com/syndicated/documents/mbs/apeprices/public/30fraac.html
Is the applicant a qualified alien or citizen?	Review certification on application.
Does the market value support the loan amount?	Review of appraisal and completion of RD 1922-15, "Administrative Appraisal Review". <ul style="list-style-type: none"> Are appropriate comparable sales utilized? Do adjustments appear reasonable? Is the land to total value less than 30%? Does the appraiser identify any repairs or concerns?
Review property condition.	Does the property through analysis of the appraisal appear to meet the guidelines for financing under the GRH program? Is there evidence through inspection and/or certification from the lender that the property meets the requirements for financing new and existing properties? Certification may be obtained at closing.
Is Form RD 1980-21 complete and executed by the lender and borrower(s)?	Lender to provide Form 1980-21. Form must be an original signature for the debt collection action and the latest version – 1/2003.
Prepare and forward Form RD 410-7, "Notification to Applicant".	Letter and form can be accessed on the Guaranteed Loan System (GLS).
Complete Environmental Review.	Prepare Form 1940-22, "Checklist for Categorical Exclusions". Most Single-Family Housing transactions will be a categorical exclusion. If the property lies within a flood plain or is > 50 years of age additional compliance tasks are necessary. Additional guidance may be found in RD Instruction 1940-G and waiver authority granted for flood plains (see Oregon AN). Refer to the SHPO PA for existing homes > 50 years.
Fund the request.	Obligate the request through GLS, if approved.
Issue a decision.	Issue the Conditional Commitment or, deny assistance and provide appeal rights.